

GEORGIA REVENUE QUARTERLY



Sonny Perdue, Governor

T. Jerry Jackson, Commissioner

State's Use Tax gaining exposure

Recent articles in the state's media have highlighted Georgia's use tax. The following are some frequently asked questions and their answers regarding this tax.

- **Is this a new tax?**

No, it has been a part of Georgia law since 1951, when Georgia's sales and use tax was first imposed.

- **Who is subject to the tax?**

Any person or business that makes a purchase of goods that are brought into Georgia and the appropriate Georgia sales and use tax has not been paid.

- **How do I determine if a purchase is**
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How to check refund status

Taxpayers living in the metro Atlanta area can check on the status of their refund by calling 404.417.4470. Those living outside the metro area but within Georgia can call toll free 1.800.338.2389.

Individuals residing outside Georgia should call 1.404.417.4470.

To check the status of a refund using these numbers, a taxpayer must have their social security number and amount of refund information readily available.

Taxpayers, who filed their return after April 1, should wait 10 weeks before checking the status of their refund.

Job credits range between \$750 - \$3,500 depending on location

Changes in Georgia law now allow business enterprises to take tax credits ranging between \$750 and \$3,500 for each job created that meets the criteria set forth in state statute 48-7-40.

The Department will soon promulgate regulations detailing the available credits.

Highlights of the new regulation include:

1. Taxpayers may have earned job tax credits under the old law that can offset 50 percent of their income tax. These credits are for jobs with a year one that began prior to Jan. 1, 2001.

2. Under the law that took effect Jan. 1, 2001, jobs created in tier three and four counties may offset 50 percent of income tax liability with larger dollar amounts earned for each job.

3. Taxpayers in tier one and tier two counties can earn a credit, which can be used to offset 100 percent of their income tax. In a tier one county, taxpayers have the option of using the job tax credit to offset Georgia withholding taxes.

4. In certain designated census tracts taxpayers now earn a credit that can be used to offset 50 percent of their income tax liability with any excess possibly eligible to offset Georgia withholding taxes.

Options 2, 3 and 4 are available only for jobs created after Jan. 1, 2001.

A taxpayer can claim only one of these credits in a taxable year. All unused credits may be carried forward for 10 years.

The new attributes described above are available for business enterprises that created jobs in excess of the threshold amounts during a tax year that began on or after Jan. 1, 2001.

The credit is available in its second year for jobs which were maintained and claimed on a 2002 tax return.

Business enterprise is defined as any business or the headquarters of any such business that is engaged in manufacturing, processing, warehousing and distribution.

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SEATA meeting in Savannah July 13-16

The Georgia Department of Revenue will host the 53rd annual meeting of the Southeastern Association of Tax Administrators at the Marriott Riverfront in Savannah beginning July 13.

The four-day conference will feature speakers and discussions regarding income tax, property tax, sales and use tax and tax administration at the state level.

The conference is open to anyone interested in state tax policy and administration. Registration instructions, lodging and fee information are available online at www.seata.net/ or by calling the Conference Coordinator Caren Gibson at 404.362.4577. Her email address is clgibson@gatax.org.

The Southeastern Association consists of tax administrators from Georgia, Alabama, Arkansas, Florida, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia and West Virginia.

Commissioner's Letter

Georgia taxpayers are continuing to take advantage of electronic filing. In fact, by the end of March, the Department had exceeded last year's record 1.5 million electronically filed returns. Even with fewer employees, largely due to the increased acceptance of electronic filing as well as the increasing use of 2-D bar coding on paper returns, the Department has been able to issue refunds more quickly this year for early filers.

The recent legislative session of the Georgia General Assembly has been very active for the Department of Revenue. The next issue of the *Revenue Quarterly*, which will be published in July, will contain a synopsis of all revenue-related legislation enacted during this legislative session.



Commissioner Jackson

In July, the Georgia Department of Revenue will host the 53rd annual meeting of the Southeastern Association of Tax Administrators in Savannah. The four-day conference is designed to inform and educate tax professionals about the latest trends and initiatives impacting on state tax collections. I encourage anyone who has an interest in state tax issues, particularly in the southeastern states, to attend. An article detailing the conference is on page 1.

And finally, this is the last issue of the *Revenue Quarterly*, which will be published during my tenure as State Revenue Commissioner. I have decided to leave State government and return to the private practice of law with Troutman Sanders LLP. It has been a distinct

honor to have served as Georgia's Commissioner of Revenue. I thank all of you for the support and kindness you have shown me during my career with the Department of Revenue.

T. Jerry Jackson

Job credits range between

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bution, telecommunications, tourism and research and development industries. Business enterprise does not include retail businesses.

The \$3,500 credit is available to businesses that establish five or more jobs in the state's 71 least developed counties. The \$750 credit is available to businesses that establish 25 or more jobs in the state's 18 most developed counties.

Each year prior to Dec. 31, the Commissioner of Community Affairs ranks Georgia's 159 counties into four Tiers according to their economic development. The most recent data available from the U.S. Departments of Labor and Commerce is used to determine the ranking.

The least developed are grouped in Tier One with the most developed grouped in Tier Four.

There are 71 counties in Tier One, 35 counties in Tiers Two and Three and 18 counties in Tier Four.

The criteria for ranking the counties are:

- Highest unemployment rate for the most recent 36-month period.
- Lowest per capita income for the most recent 36-month period.
- Highest percentage of residents whose incomes are below the poverty level according to the most recent data available.

For more information about Georgia's job credits contact Anthony Jackson at 404.417.2441 or via email at aljackso@gatax.org. Information is also available online at www.dca.state.ga.us/economic/taxcredit.html.

**Visit DOR's
website at
www.gatax.org**

State's Use Tax

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taxable on items purchased outside Georgia?

The simple test is—would you pay sales and use tax on the item if it was purchased in Georgia. If the answer is yes, then use tax is due.

• **What is the rate of tax on out of state purchases?**

The tax rate is based on the overall rate for the county in which the purchased item is housed or placed into service. Combined state and local sales tax in Georgia range between five and seven percent. The state sales tax rate is four percent and local rates vary by county between one and three percent.

• **What if you pay sales tax on the item in another state?**

Georgia law grants an offsetting credit for sales taxes of a similar nature paid in another state against Georgia taxes. For example, Georgia has a four-percent state sales tax and one to three-percent local sales tax. If another state charged six-percent state sales tax and no local sales tax, Georgia would only grant credit against the state tax. The one to three percent local sales tax would still be owed.

• **How do I report out-of-state purchases?**

You should complete Georgia form ST-3USE. The form can be printed from the Department's web site or you can request a copy from a DOR Regional Office.

Additional information is available from DOR's Sales and Use Tax Division at 404.417.6601 or DOR's Rome Regional Office at 706.295.6061 or 1.888.229.8497.

The Revenue Quarterly is a publication of the Georgia Department of Revenue. Comments, suggestions and mailing list additions or corrections should be addressed to the Georgia Department of Revenue, Public Information Office, 1800 Century Center Boulevard, Suite 15114, Atlanta, GA 30345-3205. The telephone number is 404.417.2106. Address e-mail to cwwilley@gatax.org.

Military personnel receive automatic filing extension

The time for filing Georgia income tax returns and payment of tax by members of the armed services returning from service outside the continental United States is extended without application for up to six months.

The six month period begins the day the military member returns to the continental United States. No penalties or interest accrue during the extension period.

Additionally, members of the U.S. armed forces, who serve in a designated combat zone, can exclude certain portions of their pay from their federal adjusted gross income and therefore, their Georgia taxable income.

On Dec. 14, 2001, President Bush signed an executive order officially designating Afghanistan as a combat zone retroactive to Sept. 19, 2001. More information about combat zone areas, exclusion and other tax issues of interest to military families is available on-line at www.irs.gov. Information can also be obtained from any Georgia DOR regional office.

New revenue regulations

The following Department of Revenue regulations have recently been adopted or revised. Additional information is available on-line at www2.state.ga.us/departments/dor/inctax/new_regulations.shtml/.

560-7-3-.13 Consolidated Returns.

560-7-4-.04 - Procedures Governing the Georgia Higher Education Savings Plan.

560-7-8-.20 - Rural Physician Credit.

560-7-8-.43 - Qualified Caregiver Expense Credit.

560-7-8-.44 - Disabled Person Home Purchase or Retrofit Credit.

560-7-8-.35 - Withholding on Sales or Transfers of Real Property and Associated Tangible Property by Nonresidents of Georgia.

560-7-4-.02 - Procedures Governing Retirement Income Exclusion.

560-7-8-.14 - Headquarters Job Tax Credit.

560-7-8-.36 - Job Tax Credit, Description and Definitions.

560-7-8-.38 Child Care Credit, Definitions and Description.

560-7-8-.42 - Tax Credit for Qualified

Research Expenses.

560-7-3-.08 - Partnerships.

560-7-7-.03 - Corporations: Allocation and Apportionment of Income.

560-7-8-.34 - Withholding on Distributions to Nonresident Members of Partnerships, S Corporations, and Limited Liability Companies.

9 Georgia counties have new sales and use tax rates

The sales and use tax rate changed for nine Georgia counties effective April 1.

The effected counties are Bartow, Brantley, Grady, Habersham, Henry, Madison, Quitman, Rockdale and Schley.

Effective July 1, the tax rates for Baker, Dodge, Floyd, Madison, Pickens, Stephens and Thomas counties will change.

A searchable data base of all Georgia counties sales and use tax rates is available on-line at www2.state.ga.us/departments/dor/salestax/salestaxrates/rev_sur_new.html/.

State Revenue Commissioner T. Jerry Jackson announced on April 8 that net revenue collections for the first nine months of fiscal year 2003 totaled \$9,190,747,619.25 compared to \$9,451,673,727.77 for the same period in fiscal year 2002, a decrease of \$260,926,108.52. The percentage decrease for the fiscal year is 2.8 percent.

Revenue collections for March 2003 totaled \$800,036,731.61 compared to \$763,857,148.64 for March 2002, an increase of \$36,179,582.97. The percentage increase for the month was 4.7 percent.

State revenue collections down 2.8 percent for fiscal year

Net Revenue Collections for Fiscal Year 2003 To Date (Unaudited)

	FY 2003 YTD	FY 2002 YTD	Increase/(Decrease)	Change
Sales and Use Taxes	\$3,452,248,406.47	\$3,498,935,704.16	(\$46,687,297.69)	-1.3%
2nd Motor Fuel Tax	\$157,115,972.93	\$145,751,518.42	\$11,364,454.51	7.8%
Motor Fuel Tax/Fees	\$347,596,223.75	\$341,200,135.00	\$6,396,088.75	1.9%
Individual Income Tax	\$4,555,790,163.68	\$4,767,159,121.99	(\$211,368,958.31)	-4.4%
Corporate Income Tax	\$299,548,925.88	\$324,433,846.04	(\$24,884,920.16)	-7.7%
Cigar Cigarette Tax/Fees	\$69,898,262.65	\$63,887,460.04	\$6,010,802.61	9.4%
Liquor Tax/Fees	\$28,958,206.83	\$28,965,793.04	(\$7,586.21)	0.0%
Malt Beverage Tax/Fees	\$57,648,865.08	\$60,246,184.53	(\$2,597,319.45)	-4.3%
Estate Tax	\$65,985,767.21	\$91,484,591.76	(\$25,498,824.55)	-27.9%
Property Tax	\$55,145,205.28	\$51,865,357.42	\$3,279,847.86	6.3%
Wine Tax/Fees	\$14,946,153.71	\$15,978,663.57	(\$1,032,509.86)	-6.5%
Other	\$54,390,223.53	\$19,239,351.08	\$35,150,872.45	182.7%
Balance Unallocated - Tax/Fees	\$31,475,242.25	\$42,526,000.72	(\$11,050,758.47)	-26.0%
Totals	\$9,190,747,619.25	\$9,451,673,727.77	(\$260,926,108.52)	-2.8%